

## Message Text

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R 191745Z JAN 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC 5218

INFO AMCONSUL MILAN

C O N F I D E N T I A L ROME 0859

STADIS//////////

FOR ASSISTANT SECRETARY HARTMAN

E. O. 11652: GDS

TAGS: BEXP, IT

SUBJ: MILAN TRADE CENTER

1. I HAVE LEARNED UNOFFICIALLY THAT CONSIDERATION IS BEING GIVEN TO CLOSING THE MILAN AND SYDNEY TRADE CENTERS AND TO CUTTING A NUMBER OF ECONOMIC/COMMERCIAL POSITIONS IN EUROPE, INCLUDING ITALY. I STRONGLY OPPOSE SUCH A MOVE BECAUSE OF THE DAMAGE IT WOULD DO TO U.S. POLITICAL RELATIONS WITH ITALY AND TO OUR OWN COMMERCIAL INTERESTS.

2. RIGHT NOW, WITH THE ITALIAN GOVERNMENT IN CRISIS, THE ITALIAN ECONOMY IN RECESSION, AND A NUMBER OF AMERICAN FIRMS TRYING TO PULL OUT OF ITALY, CLOSING OUR TRADE CENTER WOULD SIGNAL A RETRENCHMENT IN OUR COMMERCIAL PRESENCE HERE THAT WOULD BE INTERPRETED AS ONE SIGN OF OUR ABANDONMENT OF ITALY TO THE OPPPOSITION. WE ARE DOING OUR UTMOST TO SUPPORT AND ASSIST THE CENTER PARTIES IN ITALY TO REJUVENATE AND GAIN BROADER SUPPORT FOR THEM AND THWART THE EVER-STRENGTHENING COMMUNIST DRIVE TO ACHIEVE NATIONAL POWER. I BELIEVE THAT CLOSING SUCH A HIGH-PROFILE USG ACTIVITY AS THE MILAN TRADE CENTER WOULD IMPACT NEGATIVELY ON THIS POLITICAL EFFORT.

3. THE TRADE CENTER'S HISTORY HAS BEEN ONE OF REMARKABLE SUCCESS. ONE CANNOT OVERESTIMATE THE GROWTH OF U.S. EXPORTS

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AS A MAJOR FACTOR IN THE RECOVERY OF THE U.S. ECONOMY THAT HAS

NOW BEGUN, AND THE TRADE CENTER HAS BEEN INSTRUMENTAL IN ASSISTING THIS GROWTH. THE RESULTS OBTAINED BY OUR TRADE CENTER PROGRAM ARE A SOURCE OF JUSTIFIABLE PRIDE TO ME. I FAIL TO UNDERSTAND, THEREFORE, HOW WE CAN AT THIS TIME ENTER-TAIN THE IDEA OF CURTAILING ITS ACTIVITIES. IT FLIES IN THE FACE OF THE SECRETARY'S VIEWS ON THE IMPELLING NEED FOR US TO PLAY A CONTINUING AND DYNAMIC ROLE HERE.

4. ECONOMIC JUSTIFICATION FOR THE CONTINUED EXISTENCE OF THE TRADE CENTER HAS BEEN WELL EXPRESSED BY CONGEN MILAN (SEE ROME'S STADIS 16365, NOVEMBER 25, 1974). I WOULD ONLY ADD THAT THE PROBLEMS CREATED FOR OUR IMAGE IN ITALY BY CLOSING OR CURTAILING ACTIVITIES BY MANY AMERICAN FIRMS HERE, DIRECTLY ATTRIBUTABLE TO THE RECESSION IN ITALY AND ELSEWHERE, WOULD BE COMPOUNDED BY CLOSING OUR TRADE CENTER. SO FAR WE HAVE MANAGED TO KEEP THE U.S. IMAGE FREE OF ANY SERIOUS ADVERSE PUBLICITY CAUSED BY THESE COMPANY DIFFICULTIES. IF THE TRADE CENTER SHOULD CLOSE, THIS NEW ELEMENT COUPLED WITH US COMPANY RETRENCHMENTS WOULD BE INTERPRETED AS A SIGNAL OF A MORE GNERAL AMERICAN COMMERCIAL WITHDRAWAL FROM ITALY. THE POLITICAL COSTS TO US WOULD BE HEAVY.

5. I URGENTLY REQUEST THAT YOU GIVE SERIOUS CONSIDERATION TO THE POLITICAL AND ECONOMIC CONSEQUENCES OF ANY REDUCTION IN TRADE CENTER ACTIVITIES IN ITALY.VOLPE

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